

AMENDED IN ASSEMBLY MAY 2, 2012

AMENDED IN ASSEMBLY APRIL 18, 2012

AMENDED IN ASSEMBLY MARCH 29, 2012

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 1530

**Introduced by Assembly Members Huffman, Olsen, and V. Manuel
Pérez**

**(Coauthors: Assembly Members Chesbro, Fletcher, Nestande,
Solorio, and Wieckowski)**
(Coauthor: Senator Vargas)

January 23, 2012

An act to add and repeal Chapter 8.5 (commencing with Section 51298.6) of Part 1 of Division 1 of Title 5 of the Government Code; ~~and to add Section 242 to the Revenue and Taxation Code~~, relating to economic development.

LEGISLATIVE COUNSEL'S DIGEST

AB 1530, as amended, Huffman. Economic development: Clean Manufacturing and Job Creation Incentive Act of 2012.

(1) The Enterprise Zone Act provides for the designation and oversight by the Department of Housing and Community Development of various types of economic development areas throughout the state, including enterprise zones, targeted tax areas, local agency military base recovery areas (LAMBRAs), and manufacturing enhancement areas, collectively known as geographically targeted economic development areas, or G-TEDAs. Pursuant to these provisions, qualifying entities in those areas may receive certain tax and regulatory incentives.

This bill would, *until January 1, 2020*, establish the Clean Manufacturing and Job Creation Incentive Act of 2012, and would authorize the legislative body of a city, county, or city and county to establish a clean manufacturing zone, as defined, within the city, county, or city and county's boundaries for the purpose of providing incentives to manufacturing businesses to locate within that city, county, or city and county.

(2) Existing property tax law provides for the levy of an annual ad valorem tax on personal property, with certain exceptions, based upon the full value of that property.

This bill, commencing with the 2013–14 fiscal year, would, until January 1, 2020, authorize local agencies, as defined, to provide an annual rebate to a taxpayer in an amount that shall not exceed the amount of property tax revenue paid by the taxpayer for that year for qualified manufacturing property that is located within a clean manufacturing zone.

~~(2) The California Constitution authorizes the Legislature to classify personal property for differential taxation or for exemption by means of a statute approved by a $\frac{2}{3}$ vote of the membership of each house.~~

~~This bill would, pursuant to this constitutional authorization, commencing with the 2013–14 fiscal year and for each fiscal year thereafter, upon approval of the legislative body of the city or county that created the clean manufacturing zone, exempt from property taxation qualified personal property, as defined, used in a clean manufacturing zone.~~

~~By imposing new duties upon local tax officials with respect to the personal property tax exemption described above, this bill would impose a state-mandated local program.~~

~~(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.~~

~~This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.~~

~~(4) Section 2229 of the Revenue and Taxation Code requires the Legislature to reimburse local agencies annually for certain property tax revenues lost as a result of any exemption or classification of property for purposes of ad valorem property taxation.~~

~~This bill would provide that, notwithstanding Section 2229 of the Revenue and Taxation Code, no appropriation is made and the state shall not reimburse local agencies for property tax revenues lost by them pursuant to the bill.~~

Vote: $\frac{2}{3}$ -majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: ~~yes~~-no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:
3 (a) California's economy is among the 10 largest in the world,
4 with a gross domestic product of almost \$2 trillion.
5 (b) Although the state unemployment rate remains over 11
6 percent, California still ranks first among all 50 states in new
7 branches of high-tech manufacturing and first in the number of
8 manufacturing industry jobs.
9 (c) Economic development and job creation are essential
10 elements of California's fiscal recovery.
11 (d) California must compete with other states to attract
12 high-skill, high-wage manufacturing businesses and jobs, and to
13 retain manufacturing jobs and facilities as companies grow and
14 expand, which in turn can stimulate and support new businesses
15 and jobs in a range of sectors.
16 (e) California's environmental protections and public health
17 and safety standards are essential to ensure quality of life and
18 economic growth in this state.
19 (f) One of the major obstacles identified by businesses to
20 opening new facilities in California is delays in acquiring the
21 licenses and permits necessary to operate, including local and state
22 business licenses and other regulatory approvals.
23 (g) The purpose of this act is to stimulate growth in the
24 manufacturing industry without compromising California's high
25 environmental, public health, and safety standards by creating
26 clean manufacturing zones with preapproved permits and licenses
27 to accommodate new and expanding manufacturing businesses.
28 SEC. 2. Chapter 8.5 (commencing with Section 51298.6) is
29 added to Part 1 of Division 1 of Title 5 of the Government Code,
30 to read:

1 CHAPTER 8.5. CLEAN MANUFACTURING AND JOB CREATION
2 INCENTIVE ACT OF 2012
3

4 51298.6. This act shall be known, and may be cited, as the
5 Clean Manufacturing and Job Creation Incentive Act of 2012.

6 51298.7. (a) For purposes of this chapter, the following terms
7 have the following meanings:

8 (1) “Clean manufacturing zone” means an area within a city,
9 county, or city and county that is designated by the legislative body
10 of the city, county, or city and county as a clean manufacturing
11 zone and is suitable for industrial use.

12 (2) “Manufacturing” means the activity of converting or
13 conditioning property by changing the form, composition, quality,
14 or character of the property for sale at retail or use in manufacturing
15 of a product to be sold at retail. Manufacturing includes any
16 improvements to tangible personal property that result in a greater
17 service life or greater functionality than that of the original
18 property.

19 (b) A city, county, or city and county may ~~establish~~ *designate*
20 a clean manufacturing zone within its boundaries by ordinance or
21 resolution of the legislative body of the city, county, or city and
22 county for the purpose of providing incentives to manufacturing
23 businesses to locate within that city, county, or city and county.

24 (c) The resolution or ordinance adopted pursuant to subdivision
25 (b) shall include, ~~but is not limited to~~ *without limitation*, all of the
26 following *provisions*:

27 (1) The designated official point of contact for the zone.

28 (2) A commitment by ~~a the~~ city, county, or city and county to
29 maintain a designated ombudsman for permit assistance for ~~a any~~
30 manufacturer in ~~a the~~ zone. This ombudsman may, but is not
31 required to, be the official point of contact.

32 (3) The term of the *zone* designation, which shall not exceed
33 seven years.

34 (4) The process by which the legislative body will set and
35 oversee measurable objectives for the city, county, or city and
36 county manufacturing-related activities in the zone.

37 (5) The geographic boundaries of ~~a the~~ *zone described* in
38 sufficient detail for the county tax assessor to identify which
39 properties are within the zone.

1 (6) Baseline data on the economic and business development
2 conditions *in the zone*. This data may include the number of
3 manufacturing facilities, number of available lots for new or
4 expanded facilities, status of infrastructure, facility vacancy rates,
5 and employment levels.

6 (7) Key local and regional partnerships *that* the city, county, or
7 city and county proposes to engage for the purpose of providing
8 incentives to manufacturing businesses to locate within that city,
9 county, or city and county.

10 (8) A list of local and regional regulatory, tax, and programmatic
11 incentives available to manufacturers that locate within the zone.
12 Local incentives may include, but are not limited to, all of the
13 following:

14 (A) The suspension or relaxation of locally originated or
15 modified building codes, zoning laws, general development plans,
16 or rent controls.

17 (B) The elimination or reduction of fees for applications,
18 permits, and local government services.

19 (C) The establishment of a streamlined permit process.

20 (D) The elimination or reduction of the ~~city's county's, or city~~
21 ~~and county's share of business property taxes, construction taxes;~~
22 ~~or business license taxes~~ *that belong to the city, county, or city*
23 *and county*.

24 (E) The provision or expansion of infrastructure.

25 (F) The targeting of federal block grant moneys, including small
26 cities.

27 (G) The targeting of economic development grants and loan
28 moneys, including grant and loan moneys provided by the federal
29 Housing and Urban Development Act of 1968 ~~(12~~ *(codified in part*
30 *12 in U.S.C. Sec. 1701x)*, the United States Department of
31 Commerce, the United States Environmental Protection Agency,
32 and the federal Economic Development Administration.

33 (H) The targeting of workforce training and vocational education
34 grant moneys.

35 (I) The targeting of federal or state transportation grant moneys.

36 (J) The special provisions provided for under the state's other
37 geographically targeted economic development areas, including,
38 but not limited to, the Enterprise Zone Act (Chapter 12.8
39 (commencing with Section 7070) of Division 7 of Title 1),
40 infrastructure financing districts (Chapter 2.8 (commencing with

1 Section 53395) of Part 1 of Division 2 of Title 5), the Local Agency
2 Military Base Recovery Area Act (Chapter 12.97 (commencing
3 with Section 7105) of Division 7 of Title 1), and targeted
4 preference areas.

5 (K) Foreign Trade Zones, pursuant to ~~48 U.S. Stats. at L. Ch.~~
6 ~~590 established pursuant to Section 81a of Title 19 of the United~~
7 ~~States Code~~, and targeted investment areas under the federal EB-5
8 Program, pursuant to ~~Section 203(b)(5) of the Immigration and~~
9 ~~Nationality Act (8 U.S.C. Sec. 1153(b)(5)) 1153(b)(5) of Title 8~~
10 ~~of the United States Code~~.

11 (L) The use of tax allocation bonds, special assessment bonds,
12 bonds under the Mello-Roos Community Facilities Act of 1982
13 (Chapter 2.5 (commencing with Section 53311) of Part 1 of
14 Division 2 of Title 5), industrial development bonds, revenue
15 bonds, private activity bonds, and all special provisions provided
16 for under federal tax law for empowerment zone bonds.

17 ~~(d) In addition to the required elements of the zone designation~~
18 ~~ordinance or resolution, the legislative body of a city, county, or~~
19 ~~city and county, may approve, by a majority vote of the legislative~~
20 ~~body, the exemption of personal property within a manufacturing~~
21 ~~facility located within the zone pursuant to Section 242 of the~~
22 ~~Revenue and Taxation Code.~~

23 (e)

24 (d) (1) A copy of the resolution or ordinance shall be transmitted
25 to the Governor's Office of Business and Economic Development
26 within 60 days of being approved.

27 (2) The Governor's Office of Business and Economic
28 Development shall, within 30 days of receipt of ordinance or
29 resolution, do all of the following:

30 (A) Transmit an acknowledgment to the legislative body of the
31 city, county, or city and county that the document has been
32 received.

33 (B) Host the resolution or ordinance on the office's Internet
34 Web site, including the list of local incentives.

35 (3) The Governor's Office of Business and Economic
36 Development may use the list of incentives and other relevant
37 information provided in the ordinance or resolution when assisting
38 site selectors, developers, and manufacturers who are looking to
39 locate or relocate within California.

(4) Permit assistance requests related to manufacturing facilities located in a clean manufacturing zone shall be serviced as a priority by the Governor's Office of Business and Economic Development. The Governor's Office of Business and Economic Development shall designate a liaison for permit assistance from a zone. The liaison shall work in partnership with the ombudsman of the zone to facilitate state and regional permits and licenses. This includes provisional permits that may be granted to a jurisdiction in advance of a manufacturer occupying a facility.

(f) The ombudsman for permit assistance, pursuant to subdivision (c), shall, among other duties assigned, provide assistance to the jurisdiction and manufacturers within the zone in obtaining permits and licenses necessary to permit and prepermit manufacturing sites within the zone. Permits and licenses include, but are not limited to, permits and licenses issued by a local, state, regional, or federal government.

(g) State agencies shall, based on their existing resources and authorities, prioritize permit and license applications that are submitted by a manufacturer or a local government agency for a facility located within a zone, including, but not limited to, calling for a permitting team pursuant to Section 65959.2. To qualify for this priority, the application shall be received following the date that the ordinance or resolution establishing the zone was acknowledged as being received by the Governor's Office of Business and Economic Development.

(h) Every city, county, or city and county that has designated a zone shall report annually to the Controller on the amount of ~~property taxes exempted pursuant to subdivision (e)~~, the property and sales taxes generated within the zones, and the number of new jobs created as a result of the assistance and incentives provided in the clean manufacturing zone.

(i) Every manufacturer locating in a facility which was preapproved by the city, county, or city and county shall agree to advertise job openings with the One-Stop Career Center. The manufacturer is not limited as to other places or methods for advertising open positions.

1 (†)

2 (i) Notwithstanding any other law, a jurisdiction may apply for
3 any local, regional, or state permit or license for the purpose of
4 prepermitting a manufacturing facility within a zone. The
5 permitting agency may issue a provisional permit for this purpose,
6 which shall be finalized once the manufacturer is available to take
7 occupancy of the facility in the zone. The permit may be transferred
8 to a manufacturer and the city, county, or city and county may
9 charge the manufacturer the cost of the permitting, including
10 administrative costs.

11 ~~(k) This chapter shall remain in effect only until January 1, 2020,~~
12 ~~and as of that date is repealed, unless a later enacted statute, that~~
13 ~~is enacted before January 1, 2020, deletes or extends that date.~~

14 51298.8. (a) *For the 2013–14 fiscal year and each fiscal year*
15 *thereafter, the governing body of a local agency may, by a majority*
16 *vote of that governing body, provide an annual rebate to a taxpayer*
17 *in an amount that shall not exceed the proportional amount*
18 *allocated to the local agency from the amount of property tax*
19 *revenue paid by the taxpayer for that year for a qualified*
20 *manufacturing property that is located within a clean*
21 *manufacturing zone.*

22 (b) *For purposes of this section the following terms have the*
23 *following meanings:*

24 (1) *“Local agency” means a city, county, or city and county.*

25 (2) *“Qualified manufacturing property” means tangible*
26 *personal property that meets all of the following requirements:*

27 (A) *The property is directly involved in the manufacturing*
28 *process in this state, and not in a preliminary or subsequent*
29 *activity, or one incidental to manufacturing.*

30 (B) *Use of the property will lead to the creation of at least 10*
31 *new full-time manufacturing jobs or positions at salary levels of*
32 *at least ten dollars (\$10) per hour, twenty thousand dollars*
33 *(\$20,000) per year, and those jobs or positions will continue in*
34 *existence for a continuous five-year period.*

35 (C) *A majority of the governing body of the local agency makes*
36 *a finding, in its sole discretion, that the property is used in*
37 *conjunction with the establishment or expansion of a manufacturing*
38 *project or facility within the local agency’s jurisdiction, and that*
39 *the property meets the requirements of subparagraphs (A) and*
40 *(B). In this connection, a majority of the governing body is hereby*

1 *authorized, but not required, to make the finding specified herein,*
2 *and thereby authorize the rebate provided pursuant to this section.*

3 *(c) If at any time within five years after granting a rebate*
4 *pursuant to this section, the governing body finds that the recipient*
5 *taxpayer has not complied with the conditions of paragraph (2)*
6 *of subdivision (b), the governing body may recapture from that*
7 *taxpayer all or any portion of the amount rebated.*

8 *(d) This section shall apply only to property that is placed in*
9 *service on or after January 1, 2013.*

10 *(e) A local agency may enter into an agreement with a taxpayer*
11 *to implement this section and the agreement shall be valid*
12 *notwithstanding the subsequent repeal of this section.*

13 *51298.9. This chapter shall remain in effect only until January*
14 *1, 2020, and as of that date is repealed.*

15 ~~SEC. 3. Section 242 is added to the Revenue and Taxation~~
16 ~~Code, to read:~~

17 ~~242. (a) For the 2013–14 fiscal year and for each fiscal year~~
18 ~~thereafter, qualified personal property used in a clean~~
19 ~~manufacturing zone is exempt from taxation.~~

20 ~~(b) The exemption provided by this section shall apply in a clean~~
21 ~~manufacturing zone only if the legislative body of the city, county,~~
22 ~~or city and county that establishes the zone approves this exemption~~
23 ~~pursuant to subdivision (d) of Section 51298.7 of the Government~~
24 ~~Code.~~

25 ~~(c) For purposes of this section, both of the following shall~~
26 ~~apply:~~

27 ~~(1) “Qualified personal property” means property that is~~
28 ~~purchased on or after January 1, 2013, for use in a clean~~
29 ~~manufacturing zone. Qualified personal property includes, but is~~
30 ~~not limited to, equipment or devices used or required to operate,~~
31 ~~control, regulate, or maintain machinery and equipment, including,~~
32 ~~without limitation, computers, data processing equipment, and~~
33 ~~computer software, together with all repair and replacement parts~~
34 ~~with a useful life of one or more years, whether purchased~~
35 ~~separately or in conjunction with the machinery or equipment.~~

36 ~~(2) “Clean manufacturing zone” means a zone that is established~~
37 ~~pursuant to the authorization in the Clean Manufacturing and Job~~
38 ~~Creation Incentive Act of 2012 (Chapter 8.5 (commencing with~~
39 ~~Section 51298.6) of Part 1 of Division 1 of Title 5 of the~~
40 ~~Government Code).~~

1 ~~SEC. 4. If the Commission on State Mandates determines that~~
2 ~~this act contains costs mandated by the state, reimbursement to~~
3 ~~local agencies and school districts for those costs shall be made~~
4 ~~pursuant to Part 7 (commencing with Section 17500) of Division~~
5 ~~4 of Title 2 of the Government Code.~~

6 ~~SEC. 5. Notwithstanding Section 2229 of the Revenue and~~
7 ~~Taxation Code, no appropriation is made by this act and the state~~
8 ~~shall not reimburse any local agency for any property tax revenues~~
9 ~~lost by it pursuant to this act.~~